GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2268
ANSWERED ON:14.03.2008
COMPLAINTS AGAINST BANKS AND INSURANCE COMPANIES
Tripathy Shri Braja Kishore

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received a large number of complaints against various Banks and Insurance Companies about their functioning;

(b) if so, whether there has been an increase in such complaints during the last quarter in the recent past as compared to previous years;

(c) if so, the details thereof, bank-wise, company-wise;

(d) whether the Government has conducted any study to find out the reasons for such increasing trend;

(e) if so, the details thereof; and

(f) the remedial measures taken by the Government to check such trend in the future?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (c): Statement of complaints for the period 2006-2007 against scheduled commercial banks and Insurance Companies is annexed.

(b): Complaints dealt by Banking Ombudsman for the quarter ending September, 2007 and December, 2007 are 11,562 and 10,061 respectively. The above statistics clearly indicate that there has been a significant decline in complaints for the quarter ending December 2007. However, there is some increase in the number of complaints against Insurance Companies.

(d) to (f): The reasons for the increase in number of complaints in the case of some Insurance companies is on account of the growing pool of insurance consumers, increased level of awareness amongst the insured persons, increase in the choice of consumer products offered by various companies, etc.

Due to the increase in the number of grievances, Insurance Regulatory and Development Authority (IRDA) had set up a committee to look into the grievance redressal system of the insurers under the Chairmanship of Shri V. Kamesam, MD, Institute of Insurance and Risk Management (IIRM). The recommendations of the Committee have been examined and insurers are being advised to improve upon their grievance redressal system.

To strengthen grievance redressal mechanism among banks, Indian Banks' Association has advised all the member Banks to ensure that a suitable mechanism is set up for receiving and addressing complaints from its customers/constituents with specific emphasis on resolving such complaints fairly and in a time bound manner,banks should give wide publicity to the grievance redressal machinery through advertisements and also by placing them on their web sites, etc.

Banking Ombudsman Scheme is in operation since 1995. Banking Ombudsman is an independent body with powers to settle disputes quickly and inexpensively. Any customer whose grievance relating to certain services rendered by the bank has not been resolved by bank to his satisfaction can approach the concerned Banking Ombudsman. The scheme has been amended in 2006 and 2007 to make it more customer friendly.